Demand for Scrapping the Restructured Pension Scheme

1561. SHRI JANARDHANA POOJARY: Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a) whether it is a fact that the restructured pension scheme being monitored by the Pension Fund Regulatory and Development Authority of India has come into effect from 1st January, 2004;

(b) if so, the details of the scheme;

(c) whether there is demand for scrapping the scheme and reverting back to the old scheme from certain quarters; and

(d) if so, Government's reaction thereto?

THE MINISTER OF LABOUR AND EMPLOYMENT (SHRI K. CHANDRA SEKHAR RAO): (a) to (d) A new restructured defined contribution pension system is mandatory for all new Central Government recruits (excluding Armed Forces, in the first stage) with effect from 1st January, 2004. The monthly contribution is 10 percent of the salary and Dearness Allowance to be paid by the employee and matched by the Central Government. The New Pension System (NPS) will be available, on a voluntary basis, to all persons including self employed professionals and others in the unorganised sector. However, mandatory programmes under the Employees' Provident Fund Organization (EPFO) and other special provident funds continue to operate as per the existing system under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and other special Acts governing these funds. Workers in the organized sector would continue to be governed by schemes under these Acts.

After extensive consultations and taking into account the views of various Sections, in order to promote old age income security and to fix Government's pension liability up front, Government have decided to have a funded pension scheme where members have investment choices.

Employment Elasticity in Software and BPO Sector

1517. SHRIMATI BIMBA RAIKAR: Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

(a) whether according to a study of Planning Commission the unemployment rate is likely to increase to 11% of the total workforce by the end of 2007 from 9.2% at the commencement of the Tenth Five Year Plan;